

# State of Louisiana



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## DEPARTMENT OF NATURAL RESOURCES OFFICE OF CONSERVATION

David Jewell  
Jefferson Island Storage and Hub, LLC  
C/O AGL Resources, Inc.  
1200 Smith Street, Suite 900  
Houston, Texas 77002

August 10, 2006

Re: Information from DNR Office of Mineral Resources,  
Cancellation of Public Hearing, and  
Suspension of Permitting Process  
Jefferson Island Storage and Hub, LLC (JISH)  
Applications for Class III Brine Extraction Wells, Nos. 3 and 4  
Jefferson Island Salt Dome, Iberia Parish, Louisiana

Dear Mr. Jewell:

On August 7, 2006 the Office of Conservation received information from the Department of Natural Resources, Office of Mineral Resources (OMR), that State Lease 14638 expired in 2005 for JISH's failure to meet certain lease provisions contained in said State Lease. The subject Applications submitted by JISH to drill and complete two new Class III brine extraction wells contain information indicating that under the provisions of SL 14638, JISH currently has the right to drill and produce/extract salt in accordance with the terms of said State Lease - in obvious contradiction with the information recently provided by OMR.

This is a critical matter that needs to be resolved before we can proceed any further with the Office of Conservation's permitting process. Therefore, based on this application(s) discrepancy, the subject two Applications are now considered incomplete. As such, we cannot move forward at this time with our permitting process, including our scheduled public hearing on the JISH Applications to drill and complete two new brine extraction wells located within the Jefferson Island Salt Dome.

Accordingly, the public hearing scheduled for September 14, 2006 in New Iberia is hereby cancelled at this time until further notice. Additionally, the ongoing permitting process is suspended until a time the Applications are updated with timely information regarding the required lease from the State Mineral Board to drill and produce/extract salt. For further information, please contact Mr. Joe Ball, Director, Injection and Mining Division, at 225/342-5569.

Yours very truly,

James H. Welsh  
Commissioner

JHW/jhw

cc: DNR, Office of Mineral Resources  
Interested Parties